

**CITY OF DURHAM**

DEPARTMENT OF WATER MANAGEMENT
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To: John Allore, Budget and Management Services
From: Martha Zeigler, Department of Water Management
Date: January 10, 2014
RE: Estimated Utility Life Cycle Costs – Farrington Road Baptist Church

The Department of Water Management sets rates and fees to recover operational costs and to provide current and future infrastructure necessary to supply water and wastewater for the City and surrounding service area. Any revenues not expended on operations and maintenance are accumulated to provide funding, including debt service, required to repair, rehabilitate, replace, and/or expand capacity of infrastructure.

Below is a table of annual estimated revenues when the church is completed with an allocation of revenue between operational and capital expenditures. Revenue and expenses are estimated based on the average consumption considering the number of seats and actual may vary based on actual attendees and auxiliary activities taking place at the facility. The operational expenditures may be considered short term operating. The long-term or life-cycle expenditures for this and any other project may be reasonably determined by contributions to capital improvement projects from both rates and one-time capital facility fees which cover not only the pipe in the ground contributed by the developer, but also include all the other connecting infrastructure as well as the treatment plants that provide water and sewer treatment services. Any changes in short and long-term life cycle costs will be managed by adjusting rates and facility fees based on actual performance data.

If this property is annexed by the City, the City will charge inside City rates and pay the County its consumption rates for what is billed to the church. If the property is not annexed and church were constructed outside of city limits, water and sewer revenue would be charged at the doubled outside rates. Capital Facility Fees are the same inside and outside the City.

Inside City	Water	Sewer	Total
Revenues	\$ 1,500	\$ 1,858	\$ 3,358
Op & Maintenance	\$ 960	\$ 1,189	\$ 2,149
CIP	\$ 540	\$ 669	\$ 1,209
Capital Facility Fees	\$ 12,888	\$ 7,736	\$ 20,624
Outside City	Water	Sewer	Total
Revenues	\$ 3,000	\$ 3,718	\$ 6,718
Op & Maintenance	\$ 960	\$ 1,189	\$ 2,149
CIP	\$ 2,040	\$ 2,529	\$ 4,569
Capital Facility Fees	\$ 12,888	\$ 7,736	\$ 20,624